



DEPARTMENT OF FINANCE

Shaw Building, Rochford Street
P.O. Box 2000, Charlottetown
Prince Edward Island
C1A 7N8

ECONOMICS, STATISTICS AND FISCAL ANALYSIS DIVISION

No. 45
February
1992

ECONOMIC TRENDS

INCIDENCE OF LOW INCOMES

ON PRINCE EDWARD ISLAND

1. Introduction:

This issue of **Economic Trends** examines statistics on the prevalence of low incomes among families and unattached individuals on Prince Edward Island. It has been prepared in response to the large number of requests for such information received by the Economics, Statistics and Fiscal Analysis Division of the Department of Finance. The paper also explains why measures of poverty are fraught with difficulty. The paper relies on definitions, concepts and data on the incidence of low incomes provided by Statistics Canada. Hopefully the paper is useful in answering questions on this important subject.

'The incidence of low income' refers to the percentage of individuals and/or families who are below the Low Income Cut-Off levels determined by Statistics Canada. These cut-offs are described in more detail in the paper. For purposes of income analysis, a family (for this purpose an "Economic Family") is defined as a group of individuals sharing a common dwelling unit and related by blood, marriage or adoption, while an unattached individual is a person living alone or in a household where he/she is not related to other household members.

2. Concepts of Low Income:

The most frequent question on low income relates to the number of people living "below the poverty line" in Prince Edward Island.

Objective criteria to determine who is in a state of poverty is not possible. The Random House Dictionary defines poverty as: "1. the state or condition of having little or no money, goods, or means of support... 2. deficiency of necessary or desirable ingredients, qualities, etc." To provide statistics on poverty one must define: How much money is too "little money"? How many are too few necessary or desirable goods? Statistics Canada realizes that poverty is simply not possible to measure in a simplified way. Consequently Statistics Canada provides a measure of "low income" which they feel is useful for comparative analysis of persons in low income circumstances. They base this concept on the proportion of income spent on food, shelter and clothing. Unfortunately this also presents problems. All foods are not necessities; for example is caviar a necessity? What type of shelter is considered a necessity? A three bedroom house? What type of clothing is considered a necessity? Is a fur coat a necessary item?

Other factors that need to be taken into account in measuring income circumstances are family size and location. Does a family of five require higher income than a family of three to meet the basic necessities? Does a family require the same income level to meet the basic necessities if they live in a rural area compared to an urban area? Statistics Canada has pondered these issues for many years and are continuing to try to improve their methods of defining poverty.

3. Low Income Cut-Offs:

Statistics Canada provides data on low income which are not intended to measure poverty itself but are useful to help make comparisons of the incidence of persons and families in low income circumstances across regions of the country. To do this Statistics Canada opted to provide what it calls Low Income Cut-Offs (LICO's). These LICO's are a series of income levels which are dependent on family size and locality (that is by urban size or rural). The levels of Low Income Cut-Offs are updated annually using the Consumer Price Index and can be used for any region in Canada.

The LICO's have been set by Statistics Canada at the income level below which families or individuals spend at least 20 per cent more of their income on food, shelter and clothing than the average Canadian family or individual. The LICO's change over time as income and expenditure patterns change.

Statistics Canada based its first work on LICO's on a method developed in 1967 by Ms. J. Podoluk, an economist working at Statistics Canada. Ms. Podoluk studied the 1959 Survey of Family Expenditure (FAMEX) and found that on average, families spent approximately 50 per cent of their total income on necessities (i.e. food, shelter and clothing). Ms. Podoluk used the FAMEX survey since it was and still is, the most detailed information available on family spending patterns. Ms. Podoluk added an arbitrary figure of 20 percentage points to the 50 per cent figure spent on necessities as an

arbitrary figure of 20 percentage points to the 50 per cent figure spent on necessities as an indicator of low income. "An examination of the data led Podoluk to conclude that such expenditure patterns -- more than 70% spent on food, clothing and shelter -- were characteristic of income levels of \$1,500, \$2,500, \$3,000, \$3,500 and \$4,000 for families of sizes 1, 2, 3, 4, and 5 or more, respectively."¹ Ms. Podoluk therefore concluded that if a family spent 70 per cent or more of their total family income on necessities then they were considered to be in "straitsened circumstances" compared to the rest of the population. Statistics Canada set the LICO's for the 1961 calendar year and updated them annually using the Consumer Price Index.

Ms. Podoluk's method and Statistics Canada's yearly updates were criticized by the Special Senate Committee on Poverty in Canada (1971) for not measuring the changes that were happening in society. Partly due to this criticism, Statistics Canada revised the LICO's in 1973. Statistics Canada decided to use the most recent FAMEX survey data available at that time, and continued to update it annually. The 1969 FAMEX survey showed that on average families spent approximately 42 per cent of their total family income on necessities, a decline of 8 percentage points from 1959. Using the same figure of 20 percentage points for continuity, Statistics Canada considered that families who spent 62.0 per cent or more of their family income on necessities were low income families.

Statistics Canada continues to use the FAMEX survey and the 20 percentage point "rule" to date, and has revised the LICO data twice since 1973, once in 1978 and again in 1986. The 1978 FAMEX survey showed that the average family spent approximately 38.5 per cent of their total income on necessities. Therefore using the 1978 based LICO's, families who spent 58.5 per cent or more of their total family income on necessities were low income families.

The most recent FAMEX survey, conducted in 1986 showed that the average family spent 36.2 per cent of their total income on food, shelter and clothing. Once again keeping the same methodology the 1986 LICO's were set at 56.2 per cent. In other words using Statistics Canada methodology a family is considered to be a low income family if it spends 56.2 per cent or more of its total income on necessities today.

As is apparent from this methodology, the Low Income Cut-Off has moved significantly over time, and a family or individual in 1986 can devote significantly less of their earnings to necessities than in earlier years and today be regarded as below the Low Income Cut-Off.

The FAMEX survey is the only source of detailed information on family spending patterns, but using this survey has its drawbacks. The Family Expenditure Survey includes such items as caviar, vacation homes and fur coats in the categories food, shelter and clothing respectively. Consequently one has to be cautious in interpreting the results.

1. Statistics Canada's Low Income Cut-Offs Methodological Concerns and Possibilities -- A discussion Paper.

TABLE 1
PERCENTAGE OF INCOME SPENT ON NECESSITIES
TO BE A LOW INCOME FAMILY / INDIVIDUAL

<u>Date of FAMEX Survey</u>	<u>Percent of Income</u>
1959	70.0 %
1969	62.0 %
1978	58.5 %
1986	56.2 %

Source: Statistics Canada technical paper on Low Income Cut-Offs, January 1991.

Table 1 shows the percentage of income that had to be spent on necessities, for each FAMEX survey, before a family or individual was considered to be a low income family/individual. Clearly the definition of low income is changing over time. What is "Low income" today would have been "high income" in earlier years.

It might be noted that between 1959 and 1986 the Canadian per capita personal income increased substantially from \$1,622 in 1959 to \$16,818 in 1986. The per capita income on Prince Edward Island followed this trend. In 1959 the per capita income on Prince Edward Island was \$960, by 1986 it had increased to \$12,480. The concept of relative poverty -- versus -- absolute poverty comes into consideration here. There is no absolute definition of what poverty is, for example: Poverty in many countries such as China or India is totally different when compared to poverty in Canada. One of the most significant changes we have undergone as a society is our expectation of obtaining a higher standard of living than we or our parents have experienced in the past. We have higher expectations and some believe anything below these expectations to be poverty.

Table 2 shows the Low Income Cut-Offs for 1990 based on the 1986 FAMEX survey by size of family and size of region. Most data pertaining to Prince Edward Island would be found in the "rural area" column of this table. Low Income Cut-Off data for "Urban Areas" are determined by population size. For example: data pertaining to the City of Charlottetown would be found in the section "Less than 30,000" population, whereas data pertaining to other urban areas in Canada can be found in the column which corresponds to that areas population.

TABLE 2
1990 LOW INCOME CUT-OFFS [1986 BASE]

URBAN AREAS - POPULATION					
Size of Family	500,000 and over	100,000 to 499,999	30,000 to 99,999	Less * than 30,000	RURAL AREAS
	(\$)	(\$)	(\$)	(\$)	(\$)
1	14,155	12,433	12,146	11,072	9,637
2	19,187	16,854	16,464	15,008	13,064
3	24,389	21,421	20,926	19,076	16,605
4	28,081	24,662	24,094	21,964	19,117
5	30,680	26,946	26,324	23,997	20,887
6	33,303	29,248	28,573	26,047	22,672
7+	35,818	31,460	30,734	28,017	24,385

Note: * Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000 in population).

Note: Families of one are unattached individuals.

Source: Statistics Canada technical paper on Low Income Cut-Offs, January 1991.

As shown in Table 2, a family of four living in a rural area in 1990 would be considered a low income family if the family income did not exceed \$19,117. If this four person family resided in a small urban area (less than 30,000 population) they would be considered a low income family if the family income did not exceed \$21,964. Using Statistics Canada's definition of low income, the location of residence of a family or individual has an important impact on whether or not they are considered to be below the Low Income Cut-Off. For example: If the four person family with total income of \$20,000 resided in a rural area, they would not be "low income", whereas if they resided in a small urban area they would be considered a low income family.

An unattached individual who is living in a rural area would be considered a low income individual in 1990 if that persons income did not exceed \$9,637. If this person resided in a small urban area (less than 30,000 population) he/she would be considered a low income individual if his/her income did not exceed \$11,072.

4. Low Income Canada and the Provinces:

Using the most recent data available on Low Income Cut-Off levels [1986 Based] described earlier, Statistics Canada estimated that in 1990, 10.2 per cent of all families living in Prince Edward Island were low income families (see Table 3). In numerical terms this represents approximately 3,500 families on Prince Edward Island out of an estimated 34,000 Island families. From 1987 to 1990, Ontario has had the lowest incidence of low income families in Canada with Prince Edward Island placing second. In 1986 Prince Edward Island had the lowest incidence of low income families in Canada at 8.8 per cent.

TABLE 3
INCIDENCE OF LOW INCOME AMONG FAMILIES
BASED ON LOW INCOME CUT-OFFS [1986 BASE]
1986 TO 1990

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Newfoundland	20.9	19.5	15.8	12.9	14.3
Prince Edward Island	8.8	10.3	10.6	9.9	10.2
Nova Scotia	14.4	12.1	11.6	12.7	12.0
New Brunswick	14.1	15.4	13.0	12.3	12.7
Quebec	16.7	16.3	16.2	13.0	14.5
Ontario	10.1	9.3	8.6	8.1	9.8
Manitoba	16.1	14.1	13.1	13.4	14.4
Saskatchewan	16.0	12.8	13.9	12.7	14.0
Alberta	12.3	14.3	13.0	12.9	12.9
British Columbia	15.6	15.0	12.1	12.3	11.9
CANADA	13.6	13.1	12.2	11.1	12.1

Source: Statistics Canada, Catalogue 13-207, 1990.

The incidence of low income among unattached individuals can be seen in Table 4 and are quite different from the incidence of low income for families. In 1990, 31.9 per cent of all unattached individuals on Prince Edward Island were considered to be low income individuals. In numerical terms this represents approximately 5,100 individuals out of an estimated 16,000 individuals on Prince Edward Island.

As can be seen in Table 4, Ontario has consistently had one of the lowest incidences of low income among individuals.

TABLE 4
INCIDENCE OF LOW INCOME AMONG UNATTACHED INDIVIDUALS
BASED ON LOW INCOME CUT-OFFS [1986 BASE]
1986 TO 1990

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Newfoundland	51.4	48.1	36.5	34.9	38.9
Prince Edward Island	45.4	36.7	35.4	37.1	31.9
Nova Scotia	38.4	39.4	43.9	38.1	27.6
New Brunswick	40.7	47.5	37.6	38.3	34.6
Quebec	48.4	44.6	48.6	44.2	44.0
Ontario	32.7	32.7	31.1	28.4	28.5
Manitoba	33.4	40.5	39.1	36.4	35.7
Saskatchewan	36.4	35.2	32.2	32.8	29.3
Alberta	35.5	36.3	35.6	34.8	32.6
British Columbia	36.7	35.5	34.1	28.4	31.0
CANADA	38.3	37.5	37.7	34.4	34.1

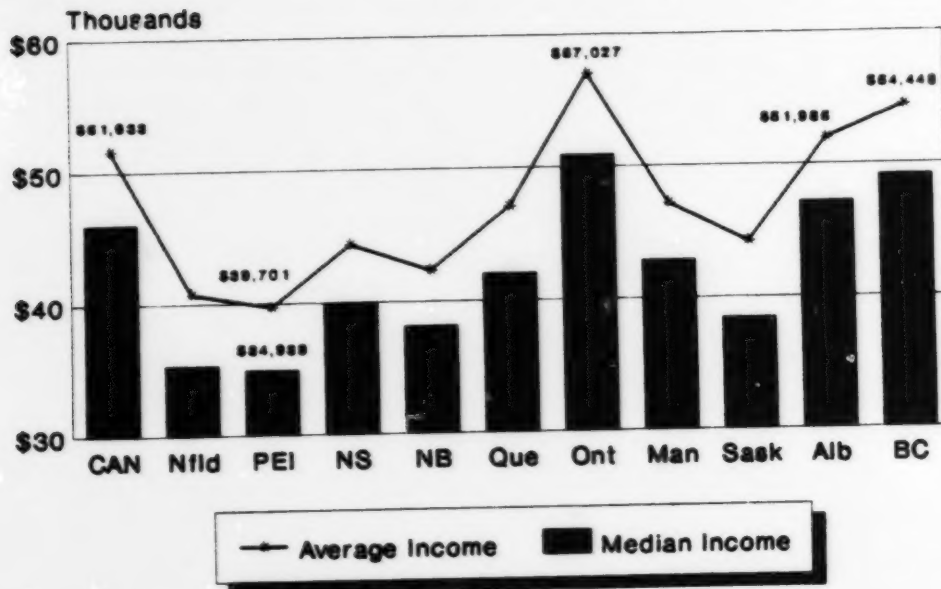
Source: Statistics Canada, Catalogue 13-207, 1990.

The statistics in Tables 3 and 4 indicate that over the past five years Prince Edward Island families have had one of the lowest incidence of low income, but the incidence of low income for unattached individuals has been relatively high. In 1986 Prince Edward Island had the third highest incidence of low income among unattached individuals at 45.4 per cent. Though in 1990 the incidence of low income among unattached individuals declined to 31.9 per cent.

The low incidence of low income for families is surprising in view that Prince Edward Island has the lowest ranking of all the provinces for 'Average and Median Income' for families. Data for 1990 are shown in Diagram 1.

DIAGRAM 1

**AVERAGE & MEDIAN FAMILY INCOME
CANADA AND THE PROVINCES, 1990**



Source: Statistics Canada
Catalogue 13-207, 1990

The average family income² on Prince Edward Island in 1990 was \$39,701, which was the lowest in the country, \$11,937 below the national average of \$51,633. Three provinces, Ontario, Alberta and British Columbia had higher average family income than the national average. The median family income on Prince Edward Island is also the lowest in the country at \$34,939, \$11,130 below the national median income of \$46,069. Once again Ontario, Alberta and British Columbia had higher median family income than the national level.

The puzzle is to explain how Prince Edward Island with the lowest average and median family income can also have the second lowest percentage of low income families? The reason for low family income is that families are heavily weighted to the lower

2. Statistics Canada defines average family income as the aggregate income of a specified group of families divided by the number of families. Median income is defined as the amount which divides the income size distribution into two halves, i.e. 50 per cent of the income are below the median income, while 50 per cent are above it.

income levels as can be seen in Table 5. It appears that despite generally low levels of income for families on Prince Edward Island, the proportion that fall below the Low Income Cut-Off is modest. This suggests that a large number of Island families are close to, but not below the Low Income Cut-Off. This is probably related to the lower income criteria used for Rural Families of which Prince Edward Island has a high proportion.

TABLE 5
PERCENTAGE DISTRIBUTION OF FAMILIES
BY INCOME GROUP AND PROVINCE

	1990				
	INCOME GROUP				
	Under \$10,000	\$10,000 To \$29,999	\$30,000 To \$49,999	\$50,000 To \$99,999	\$100,000 And Over
	%	%	%	%	%
Newfoundland	3.6	35.8	31.4	26.8	2.6
Prince Edward Island	2.3	37.6	33.3	24.7	2.0
Nova Scotia	2.7	30.6	31.6	31.2	3.7
New Brunswick	2.7	32.8	33.1	28.6	2.9
Quebec	2.3	29.3	29.6	34.2	4.7
Ontario	2.3	18.5	27.8	42.2	9.2
Manitoba	2.8	26.7	31.0	35.0	4.5
Saskatchewan	4.3	31.4	31.6	28.5	4.3
Alberta	2.4	23.8	27.8	39.4	6.6
British Columbia	3.3	22.2	25.7	40.3	8.4
CANADA	2.6	24.2	28.7	37.8	6.8

Source: Statistics Canada, Catalogue 13-207, 1990.

Prince Edward Island has the highest percentage of families (37.6 per cent) with income ranging between \$10,000 and \$29,999, whereas Ontario has the lowest percentage in this income group with 18.5 per cent. Presumably a large proportion of these families on Prince Edward Island fall just above the LICO criteria. Also Prince Edward Island has the lowest percentage of families with incomes between \$50,000 and \$99,999 (24.7 per cent) and \$100,000 and over (2.0 per cent). Approximately 73 per cent of all Island families earn under \$50,000 compared to 48.6 per cent of Ontario families. This large

grouping of families in the under \$50,000 income group results in Prince Edward Island having a lower average and median income when compared to other provinces.

Table 6 shows the percentage distribution of unattached individuals by income group and province in 1990. Approximately 31 per cent of unattached individuals on Prince Edward Island had income less than \$10,000 in 1990. Newfoundland was slightly higher with 31.8 per cent. Looking back to Table 2, a low income individual was one with income on or below \$9,637. From this one can infer that almost all individuals having income less than \$10,000 on Prince Edward Island are low income individuals. The percentage of individuals earning less than \$10,000 was lowest in Ontario at 15.0 per cent. British Columbia placed second with 17.3 per cent. Only 4.6 per cent of all individuals residing in Prince Edward Island had income of \$40,000 or more, this is in stark contrast to Ontario where 15.9 per cent of all individuals have income of \$40,000 or more.

TABLE 6
PERCENTAGE DISTRIBUTION OF UNATTACHED INDIVIDUALS
BY INCOME GROUP AND PROVINCE

	1990				
	INCOME GROUP				
	<u>Under \$10,000</u>	<u>\$10,000 To \$19,999</u>	<u>\$20,000 To \$29,999</u>	<u>\$30,000 To \$39,999</u>	<u>\$ 40,000 & Over</u>
	%	%	%	%	%
Newfoundland	31.8	34.1	15.8	10.5	8.0
Prince Edward Island	31.1	34.5	20.9	9.0	4.6
Nova Scotia	20.1	41.4	21.2	8.7	8.6
New Brunswick	28.7	38.3	15.7	10.8	6.5
Quebec	28.3	33.4	18.0	9.7	10.6
Ontario	15.0	35.4	19.2	14.6	15.9
Manitoba	19.4	41.4	18.9	10.7	9.6
Saskatchewan	21.4	40.7	17.3	10.9	9.7
Alberta	19.8	32.3	21.1	13.2	13.8
British Columbia	17.3	35.4	18.9	12.7	15.8
CANADA	20.5	35.1	18.9	12.2	13.2

Source: Statistics Canada, Catalogue 13-207, 1990.

5. Provincial County data on Incomes:

The most recent source of sub provincial data on low income is the 1986 Census which uses 1985 income data. It is interesting to compare the income situation of people within Prince Edward Island to the provincial and national income situation. Because of this interest the following tables and diagrams contain data for Canada, Prince Edward Island and the three counties.

Table 7 gives the average and median income for families and unattached individuals residing in Canada, Prince Edward Island and the three counties for 1985.

TABLE 7
AVERAGE AND MEDIAN INCOMES OF FAMILIES AND INDIVIDUALS
CANADA, PRINCE EDWARD ISLAND AND THE COUNTIES
1985 INCOME DATA FROM THE 1986 CENSUS

	<u>CANADA</u>	<u>PRINCE EDWARD ISLAND</u>	<u>KINGS COUNTY</u>	<u>QUEENS COUNTY</u>	<u>PRINCE COUNTY</u>
<u>Average Income</u>					
Family Income (\$)	37,827	30,451	27,080	32,741	28,628
Individual Income					
Male (\$)	23,265	16,988	14,479	18,189	16,451
Female (\$)	12,615	10,223	8,676	11,236	9,312
<u>Median Income</u>					
Family Income (\$)	33,434	26,386	24,020	28,928	24,678
Individual Income					
Male (\$)	19,797	13,319	11,476	14,409	13,218
Female (\$)	9,540	7,890	7,508	8,644	7,415

Note: The data for average and median incomes are based on unrounded data.

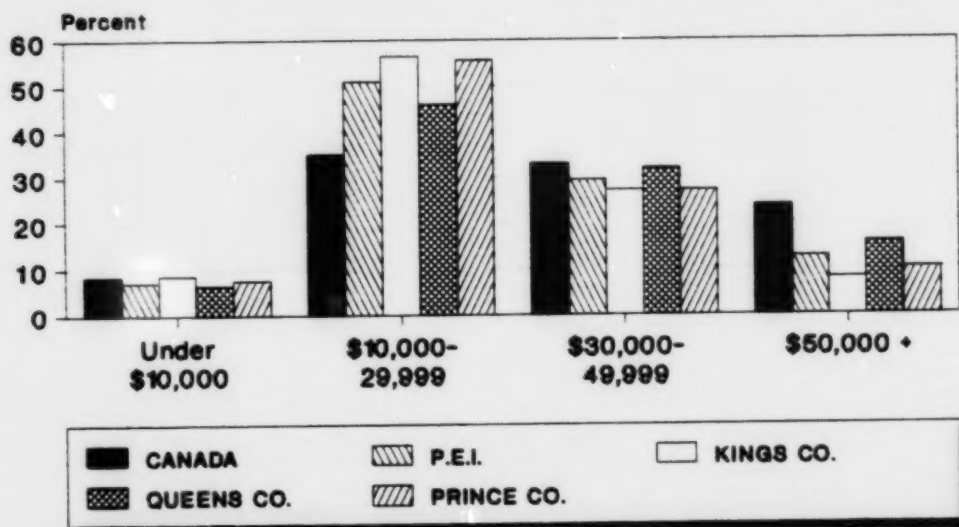
Source: 1986 Census of Canada, 94-104 Prince Edward Island, Profiles Part 2.

One can see from Table 7 that the average income for Canadian families in 1985 was \$37,827. Prince Edward Island families had an average income of \$30,451, approximately \$7,400 below the national average. Queens County families were slightly better off with average family income of \$32,741, \$5,000 below the national average. Kings County families on average had income of \$27,080, \$10,000 below the national average. The median family income follows this pattern with Queens County having the highest average and median income and Kings County having the lowest. The only area where Kings County surpassed Prince County was in median individual income for females.

To understand the difference in incomes for the three counties we must look at the income ranges in each of the counties provided in the 1986 Census.

DIAGRAM 2

**PERCENTAGE OF FAMILIES
BY INCOME RANGE, CANADA,
PRINCE EDWARD ISLAND AND THE COUNTIES**



Source: 1986 Census of Canada
Catalogue 94-104

According to the 1986 Census (Diagram 2) 7.1 per cent of all Island families (2,285 families) had incomes ranging from \$0 to \$9,999. Kings County had the highest

percentage of families in this income range as well as in the \$10,000 to \$29,999 income range (8.5 per cent and 56.5 per cent respectively). Queens County had the lowest percentage of families in these income ranges with 6.4 per cent and 46.0 per cent respectively. When looking at the higher income ranges the reverse is true. Queens County had 31.8 per cent and 15.7 per cent of families in the \$30,000 to \$49,999 and \$50,000 and over income ranges. Kings County tied Prince County at 27.1 per cent of families in the \$30,000 to \$49,999 income range, but fell to 8.0 per cent in the \$50,000 and over income range compared to Prince County with 10.0 per cent.

In order to examine the incidence of low income within Prince Edward Island we must refer to the 1986 Census data. The low income statistics from the 1986 Census are based on the (1978) cut-offs which were initially estimated from the 1978 National Family Expenditure Survey and then updated to 1985 by the changes in the Consumer Price Index. The 1985 matrix of Low Income Cut-Offs is shown in Table 8 below.

It can be seen that these LICO's are less than those in Table 2, Page 5, as they refer to the year 1985 rather than 1990. In addition the 1978 LICO criteria are utilized.

TABLE 8
1985 LOW INCOME CUT-OFFS (1978 BASE)

Size of Family	URBAN AREAS - POPULATION				RURAL AREAS
	500,000 and over	100,000 to 499,999	30,000 to 99,999	Less * than 30,000	
	(\$)	(\$)	(\$)	(\$)	(\$)
1	10,233	9,719	9,117	8,429	7,568
2	13,501	12,815	11,956	11,093	9,891
3	18,061	17,115	15,996	14,880	13,244
4	20,812	19,779	18,490	17,200	15,310
5	24,252	22,963	21,415	19,952	17,803
6	26,488	25,026	23,393	21,758	19,436
7+	29,155	27,606	25,801	23,994	21,415

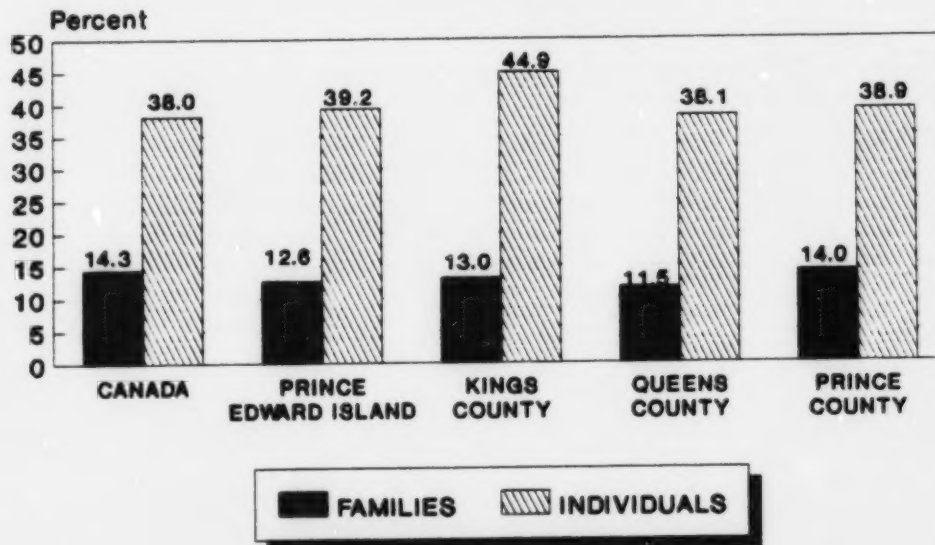
Note: * Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000 in population).

Note: Families of one are unattached individuals.

Source: Statistics Canada technical paper on Low Income Cut-Offs, January 1991.

DIAGRAM 3

**INCIDENCE OF LOW INCOME
FAMILIES AND INDIVIDUALS, CANADA,
PRINCE EDWARD ISLAND AND THE COUNTIES**



Source: 1986 Census of Canada
Catalogue 94-104

Diagram 3 shows the incidence of low income for Canada, Prince Edward Island and the Counties in 1986. As can be seen in this Diagram the incidence of low income for families on Prince Edward Island as well as in each of the counties is below the incidence of low income for families in Canada. Queens County, which had the highest percentage of families with income over \$30,000 (Diagram 2) also, had the lowest incidence of low income families. Prince County which had the second highest proportion of families with income over \$30,000 had the highest incidence of low income families, at 14.0 per cent. Kings County had the highest incidence of low income individuals at 44.9 per cent. This is in keeping with Kings County last place standing for individual average income as seen in Table 7.

Table 9 shows the actual number of families and individuals with low income for Canada, Prince Edward Island and the three Counties.

TABLE 9
INCIDENCE OF LOW INCOME - FAMILIES AND INDIVIDUALS
CANADA, PRINCE EDWARD ISLAND AND THE COUNTIES - 1986

	<u>CANADA</u>	<u>PEI</u>	<u>KINGS</u>	<u>QUEENS</u>	<u>PRINCE</u>
ALL ECONOMIC FAMILIES	6,761,520	32,545	4,910	16,280	11,360
Low income Economic Families	965,465	4,095	635	1,870	1,590
Low income Economic Families as a % of CANADA	100.0%	0.4%	0.1%	0.2%	0.2%
Incidence of Low Income (%)	14.3%	12.6%	13.0%	11.5%	14.0%
ALL UNATTACHED INDIVIDUALS	2,684,455	10,270	1,390	6,175	2,710
Low income Unattached Individuals	1,020,940	4,030	620	2,350	1,050
Low income Unattached Individuals as a % of CANADA	100.0%	0.4%	0.1%	0.2%	0.1%
Incidence of Low Income (%)	38.0%	39.2%	44.9%	38.1%	38.9%

Note: Numbers may not add to total due to rounding.

Source: 1986 Census of Canada, 94-104 Prince Edward Island, Profiles Part 2.

There were 32,545 economic families on Prince Edward Island, (Table 9) according to the 1986 Census. Of these 32,545 economic families 4,095 families or 12.6 per cent were low income families. The majority of low income families resided in Queens County though Queens had the lowest incidence of low income families. This also occurs when looking at unattached individuals. Prince County consistently placed second in the income standings of the three Counties yet had the highest incidence of low income families in the province.

There were 4,030 low income unattached individuals on Prince Edward Island in 1986, and 2,350 (58.5 per cent) of these individuals resided in Queens County.

6. Five Regional Areas:

Diagram 4 shows the geographic boundaries for five regional areas within Prince Edward Island which provide a more detailed view of the distribution of low income situations within the province.

DIAGRAM 4

FIVE REGIONAL AREAS
PRINCE EDWARD ISLAND

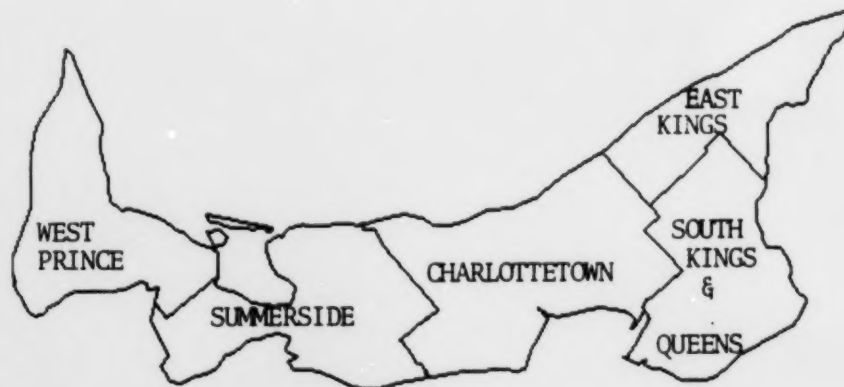
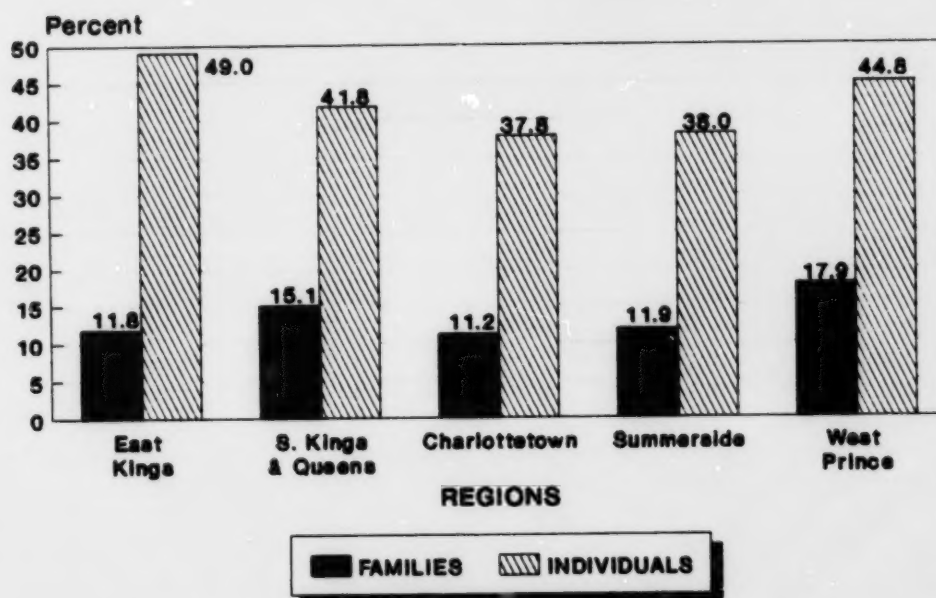


Diagram 5 shows the incidence of low incomes for families and individuals in each of the five regional areas. This data was compiled using 1986 Census data for each lot and municipality in Prince Edward Island, and using the LICO's described on Page 13.

DIAGRAM 5

INCIDENCE OF LOW INCOME FIVE REGIONAL AREAS, P.E.I.



Source: 1986 Census of Canada
Catalogue 94-104

Charlottetown area had the lowest incidence of low income for families as well as individuals. This is not surprising since the Charlottetown area encompasses almost all of Queens County which had the highest average and median income for both families and individuals (Table 7). It is interesting to note East Kings and West Prince have the highest incidence of low income for individuals with 49.0 per cent and 44.8 per cent respectively. Only South Kings-East Queens and West Prince have an incidence of low income for families higher than the national average (see Table 9, page 15).

7. Summary and Conclusion:

The task of measuring the number of people in a state of poverty is not possible. As an alternative Statistics Canada has developed measures based on the concept of Low Income Cut-Offs to provide statistics to permit analysis of persons and families in low income circumstances.

Statistics Canada produces low income data for families and individuals which depends on the size and location of the family. By their criteria the incidence of low income in families on Prince Edward Island is one of the lowest in Canada. This is a surprising result as incomes on Prince Edward Island are heavily weighted in the lower income levels when compared to other provinces. Prince Edward Island has the lowest average and median family income of any province. Census data shows that Queens County has the highest average and median family income of the three counties. Queens County also has the highest number of low income families and individuals but the lowest incidence of low income families and individuals. Kings County places last with the lowest average and median family incomes. Kings County also has the highest incidence of low income individuals of the three counties. Prince County which consistently places second in the three counties income ratings has the highest incidence of low income families on the Island. This is particularly noticeable in West Prince.

As previously noted in this paper Statistics Canada is continuing to look for new methods and concepts to assist in deriving statistics useful for research and analysis into poverty and low income. To assist in this Statistics Canada has developed a measure known as LIM's or "Low Income Measures". These Low Income Measures are based on 50 per cent of the medium income of each province. They are adjusted for family size, and lone parent circumstances.

Statistics Canada recently published data pertaining to the LIM's in the appendix of Catalogue 13-207; Income Distribution by Size in Canada, 1990.

For families the data on Low Income Measures show that Prince Edward Island has the second highest incidence of low incomes in Canada. That result is more consistent with other income data on provincial circumstances and suggests that the Low Income Cut-Off results should not be used unquestioningly.

Hopefully this paper is useful to those who utilize data on the incidence of low incomes on Prince Edward Island. Clearly this is an area of statistics where the techniques of measurement are themselves not without some controversy.